



**BERBERICH TRAHAN & CO., P.A.**  
*Certified Public Accountants*

## CITY OF HIAWATHA, KANSAS

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FINANCIAL STATEMENT  
YEAR ENDED DECEMBER 31, 2018

CITY OF HIAWATHA, KANSAS

FINANCIAL STATEMENT  
REGULATORY BASIS

Year Ended December 31, 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statement:	
Summary Statement of Receipts, Expenditures, and Unencumbered Cash	3-4
Notes to Financial Statement	5-20
Supplementary Information:	
	<u>Schedule</u>
Summary of Expenditures – Budget and Actual	1 21-22
Schedule of Receipts and Expenditures – Budget and Actual:	2
General Fund	23
Library Fund	24
Industrial Fund	25
Recreation Fund	26
Employee Benefit Fund	27
Special Highway Fund	28
Parks and Recreation Fund	29
Liability Fund	30
Drug Forfeiture Fund	31
History Center Fund	32
Special Events Fund	33
Special Streets	34
Hotel Economic Development Fund	35
MVE Inspection Fund	36
Safety Dividends Fund	37
Bond and Interest Fund	38
Post Lantern Street Light Project Fund	39
Other Capital Projects Funds	40-41
Water Fund	42
Sewer Fund	43
Storm Water Utility Fund	44
Pool Fund	45
Airport Fund	46

CITY OF HIAWATHA, KANSAS

FINANCIAL STATEMENT  
REGULATORY BASIS

Year Ended December 31, 2018

TABLE OF CONTENTS  
(Continued)

		<u>Page</u>
Schedule of Receipts, Expenditures, and Unencumbered Cash – Trust Funds	3	47-48
Summary of Receipts and Disbursements – Agency Funds	4	49
Schedule of Receipts and Expenditures – Actual – Morrill Public Library – Related Municipal Entity	5	50



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## **INDEPENDENT AUDITOR'S REPORT**

Mayor and City Commission  
City of Hiawatha, Kansas:

### **Report on the Financial Statement**

We have audited the summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Hiawatha, Kansas (the City) as of and for the year ended December 31, 2018 and the related notes to the financial statement.

### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* (KMAAG) as described in Note 2; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 2 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2018, or changes in financial position and cash flows thereof for the year then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 2.

### **Other Matters**

#### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the summary statement of regulatory basis receipts, expenditures, and unencumbered cash (the basic financial statement) as a whole. The schedules listed under supplementary information in the accompanying table of contents are presented for purposes of analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 2.

*Berberich Trahan & Co., P.A.*

June 7, 2019  
Topeka, Kansas

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CITY OF HIAWATHA, KANSAS  
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH  
REGULATORY BASIS  
Year Ended December 31, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances
General fund	\$ 597,195	\$ -
Special purpose funds:		
Library	-	-
Industrial	74,799	-
Recreation	27,233	-
Employee benefit	214,409	-
Special highway	270,001	-
Parks and recreation	17,016	-
Liability	500	-
Drug forfeiture	2,996	-
History Center	24,966	-
Special events	9,424	-
Special streets	(46,187)	-
Hotel economic development	72,659	-
MVE inspection	6,338	-
Safety dividends	13,067	-
Bond and interest fund	275,905	-
Capital project funds:		
Post lantern street light project	184,299	-
Other capital projects	(100,902)	-
Business funds:		
Water	1,765,537	-
Sewer	620,452	-
Storm water utility	46,985	-
Pool	171,616	-
Airport	34,088	-
Trust funds	17,809	-
Total primary government	4,300,205	-
Related municipal entity:		
Morrill Public Library	1,264,363	-
Total reporting entity (excluding agency funds)	\$ 5,564,568	\$ -

See accompanying notes to financial statement.

Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
\$ 1,555,911	\$ 1,407,756	\$ 745,350	\$ 53,276	\$ 798,626
155,330	155,307	23	-	23
177,876	161,300	91,375	-	91,375
70,076	46,977	50,332	2,549	52,881
431,572	395,281	250,700	-	250,700
454,995	340,330	384,666	4,110	388,776
8,119	5,365	19,770	-	19,770
-	-	500	-	500
15,500	2,535	15,961	-	15,961
25,678	28,914	21,730	76	21,806
5,500	7,852	7,072	-	7,072
364,214	235,215	82,812	86,453	169,265
46,055	91,266	27,448	-	27,448
8,087	8,678	5,747	-	5,747
25,388	1,603	36,852	-	36,852
798,118	800,153	273,870	-	273,870
179,182	146,208	217,273	-	217,273
9,280,434	2,993,467	6,186,065	958	6,187,023
918,610	669,194	2,014,953	6,887	2,021,840
868,222	929,483	559,191	4,540	563,731
80,144	30,584	96,545	-	96,545
104,829	89,156	187,289	208	187,497
19,600	22,795	30,893	-	30,893
819	1,314	17,314	-	17,314
15,594,259	8,570,733	11,323,731	159,057	11,482,788
253,053	323,256	1,194,160	3,268	1,197,428
\$ 15,847,312	\$ 8,893,989	\$ 12,517,891	\$ 162,325	\$ 12,680,216
Composition of cash:				
Morrill & Janes Bank:				
General fund				\$ 4,791,009
Economic development grant fund				1,121
Sewer project fund				267,547
Post lantern fund				89,220
Insurance proceeds fund				18,910
Todd Widman memorial fund				1,665
Citywide street sales tax				6,000,616
Aquatic park capital improvement fund				146,081
Reserve account				185,000
Municipal court cash bond account				4,765
Petty cash				1,748
Library savings				185,609
Total Morrill & Janes Bank				11,693,291
Citizens State Bank & Trust:				
Library checking				33,363
Library savings				241,998
Library investments				202,482
Library petty cash				180
Total Citizens State Bank & Trust				478,023
Edward Jones:				
Library investments				533,796
Total cash				12,705,110
Less agency funds per schedule 4				(24,894)
Total reporting entity (excluding agency funds)				\$ 12,680,216



CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT

December 31, 2018

1 - Municipal Financial Reporting Entity

The City of Hiawatha, Kansas (the City) is a municipal corporation governed by a five-member commission. This financial statement includes only the primary government of the City and the Morrill Public Library (the Library) related municipal entity. It excludes one of the related municipal entities for which the City is considered financially accountable:

The Housing Authority of the City of Hiawatha

Separate related municipal entity financial statements may be obtained directly from the Housing Authority.

2 - Summary of Significant Accounting Policies

(a) Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities, or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(b) Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following regulatory basis fund types comprise the financial activities of the City for the year ended December 31, 2018:

*General Fund* – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

*Special Purpose Funds* – used to account for the proceeds of specific tax levies and other specific regulatory receipts sources (other than major capital projects and tax levies for long-term debt) that are intended for specified purposes.

*Bond and Interest Fund* – used to account for the accumulation of resources, including tax levies, transfers from other funds, and payment of general long-term debt.

*Capital Project Funds* – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

*Business Funds* – funds financed in whole or in part by fees charged to users of the goods or services.

*Trust Funds* – funds used to report assets held in trust for the benefit of the City.

*Agency Funds* – funds used to report assets held by the City in a purely custodial capacity.

CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(c) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), the bond and interest fund, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The City had no budget amendments for the year ended December 31, 2018.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(c) Budgetary Information (Continued)

A legal operating budget is not required for capital project funds other than the Post Lantern Street Light Project fund, trust funds, agency funds, and the following special purpose funds:

Liability, Drug Forfeiture, History Center, Hotel Economic Development, MVE Inspection, and Safety Dividends

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by Federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

All budgets must be filed with the County Clerk by August 25<sup>th</sup>. The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the County Clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payment.

These taxes become a lien against all property on November 1<sup>st</sup>. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20<sup>th</sup> and May 10<sup>th</sup>. Delinquent taxes are assessed interest at 12% per annum. This interest is retained by the County.

Taxes levied to finance the budget are made available to the City after January 1<sup>st</sup> and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the City, is on or before January 20<sup>th</sup> of the ensuing year. Additional amounts are distributed on four subsequent dates through the calendar year.

CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(d) Annual Personal and Sick Leave Benefits

Under the terms of the City's personnel policy, City employees are granted annual personal and sick leave in varying amounts.

Full-time employees accrue vacation each year at a rate of eighty hours beginning after six months of employment. After five full years of consecutive service, employees accrue vacation each year at a rate of eighty hours plus eight additional hours for each consecutive year of service in excess of five years, to a maximum of two-hundred hours per year.

Upon termination or resignation, employees are compensated for unused vacation time, up to a maximum of the yearly amount of vacation time earned. As of December 31, 2018, the liability for earned vacation pay is \$ 65,440.

(e) Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase.

(f) Use of Estimates

The preparation of the financial statement in compliance with the regulatory basis requires management to make estimates and assumptions that affect the reported amounts of encumbrances at the date of the financial statement and the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

3 - Long-Term Debt

*General Obligation Bonds.* The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and business activities. These bonds are reported in the business funds if they are expected to be repaid from business fund regulatory receipts. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

3 - Long-Term Debt (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued with equal amounts of principal maturing each year.

*State Agency Loans.* In 2015, the City arranged for a \$ 6,700,000 loan through the Kansas Public Water Supply Loan Fund for improving the public water supply system in Hiawatha. The terms of the loan specify that a principal forgiveness amount will be calculated at 30% of the final loan amount associated with the qualifying portion of the project that returns the public water supply system to compliance with maximum contaminant level requirements. The loan includes a gross interest rate of 2.21% including a 0.35% service fee. The balance of the loan after principal forgiveness will be due February 1, 2019, at which point the City is planning to refund the loan with a USDA Rural Development Loan. The full proceeds of the Kansas Public Water Supply Loan Fund had not yet been received by the City as of December 31, 2018.

*General Obligation Sales Tax Temporary Note.* In 2018, the City issued a \$ 6,000,000 general obligation sales tax temporary note. The note was issued for the purpose of providing funds to pay for the sales tax street project.

# CITY OF HIAWATHA, KANSAS

## NOTES TO FINANCIAL STATEMENT (Continued)

### 3 - Long-Term Debt (Continued)

Changes in long-term debt for the City for the year ended December 31, 2018 were as follows:

Issue	Interest Rates	Date of Issue	Date of Final Maturity	Original Amount Issued	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General obligation bonds*:									
Series 2011	1.75 - 3.75%	08/15/11	10/01/26	\$ 400,000	\$ 260,000	\$ -	\$ 25,000	\$ 235,000	\$ 9,000
Series 2012	1.10 - 2.75%	03/15/12	08/01/26	1,265,000	895,000	-	95,000	800,000	19,925
Series 2012-B	2.00 - 4.00%	10/01/12	10/01/43	6,530,000	5,440,000	-	350,000	5,090,000	177,440
Series 2014-A	2.75%	01/28/14	01/28/54	998,000	954,824	-	15,191	939,633	26,258
Series 2014-B	3.50%	01/28/14	01/28/24	258,400	189,982	-	24,421	165,561	6,649
Series 2016-A	1.75%	06/15/16	06/15/56	1,373,000	1,349,011	-	24,409	1,324,602	23,608
Series 2016-B	1.75%	06/15/16	06/15/56	93,000	91,375	-	1,653	89,722	1,599
Total general obligation bonds					9,180,192	-	535,674	8,644,518	264,479
State agency loan:									
Kansas Public Water Supply Loan	1.86%	07/27/15	02/01/19	6,700,000	1,160,763	3,246,913	-	4,407,676	32,923
Temporary note:									
Series 2018	3.15%	12/07/18	12/01/21	6,000,000	-	6,000,000	-	6,000,000	-
Total long-term debt					<u>\$ 10,340,955</u>	<u>\$ 9,246,913</u>	<u>\$ 535,674</u>	<u>\$ 19,052,194</u>	<u>\$ 297,402</u>

\* Portions of the above general obligation bonds were used to finance projects related to the Water, Sewer, and Post Lantern Street Light Project Funds or were used to refund debt previously incurred by those funds. Transfers are made each year from these funds to the Debt Service fund to pay for the portions of the debt related to their respective projects. See more details of these transfers at Note 10.

# CITY OF HIAWATHA, KANSAS

## NOTES TO FINANCIAL STATEMENT (Continued)

### 3 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for the general obligation bonds and temporary note are as follows:

	Year											
	2019	2020	2021	2022	2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048	Thereafter	Total
Principal:												
General obligation bonds:												
Series 2011	\$ 25,000	\$ 25,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 95,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,000
Series 2012	100,000	105,000	110,000	110,000	110,000	265,000	-	-	-	-	-	800,000
Series 2012-B	370,000	385,000	255,000	260,000	270,000	900,000	610,000	795,000	1,245,000	-	-	5,090,000
Series 2014-A	15,609	16,038	16,479	16,932	17,398	94,434	108,152	123,863	141,857	162,465	226,406	939,633
Series 2014-B	25,276	26,160	27,076	28,024	29,005	30,020	-	-	-	-	-	165,561
Series 2016-A	24,836	25,271	25,713	26,163	26,621	140,258	152,966	166,828	181,947	198,433	355,566	1,324,602
Series 2016-B	1,682	1,712	1,742	1,772	1,803	9,500	10,361	11,300	12,324	13,441	24,085	89,722
Total general obligation bonds	562,403	584,181	466,010	472,891	484,827	1,534,212	881,479	1,096,991	1,581,128	374,339	606,057	8,644,518
Temporary note:												
Series 2018	-	-	6,000,000	-	-	-	-	-	-	-	-	6,000,000
Total principal	\$ 562,403	\$ 584,181	\$ 6,466,010	\$ 472,891	\$ 484,827	\$ 1,534,212	\$ 881,479	\$ 1,096,991	\$ 1,581,128	\$ 374,339	\$ 606,057	\$ 14,644,518
Interest:												
General obligation bonds:												
Series 2011	\$ 8,313	\$ 7,625	\$ 6,938	\$ 5,813	\$ 4,688	\$ 7,439	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,816
Series 2012	18,338	16,338	14,119	11,644	9,100	12,188	-	-	-	-	-	81,727
Series 2012-B	166,940	155,840	144,290	136,640	130,140	561,790	472,740	351,800	153,200	-	-	2,273,380
Series 2014-A	25,840	25,411	24,970	24,516	24,051	112,809	99,090	83,379	65,385	44,777	22,284	552,512
Series 2014-B	5,795	4,910	3,994	3,047	2,066	1,051	-	-	-	-	-	20,863
Series 2016-A	23,181	22,808	22,304	21,854	21,396	99,935	87,163	73,295	58,171	41,696	28,581	500,384
Series 2016-B	1,570	1,545	1,511	1,480	1,449	6,769	5,904	4,965	3,940	2,824	1,936	33,893
Total general obligation bonds	249,977	234,477	218,126	204,994	192,890	801,981	664,897	513,439	280,696	89,297	52,801	3,503,575
Temporary note:												
Series 2018	185,850	189,000	189,000	-	-	-	-	-	-	-	-	563,850
Total interest	\$ 435,827	\$ 423,477	\$ 407,126	\$ 204,994	\$ 192,890	\$ 801,981	\$ 664,897	\$ 513,439	\$ 280,696	\$ 89,297	\$ 52,801	\$ 4,067,425
Total principal and interest	\$ 998,230	\$ 1,007,658	\$ 6,873,136	\$ 677,885	\$ 677,717	\$ 2,336,193	\$ 1,546,376	\$ 1,610,430	\$ 1,861,824	\$ 463,636	\$ 658,858	\$ 18,711,943



CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

3 - Long-Term Debt (Continued)

The following displays annual debt service requirements to maturity for the Kansas Public Water Supply Loan for the full proceeds amount, less the estimated 30% principal forgiveness:

Year Ending	
2019	\$ 4,741,825
Less: interest and fees	<u>(51,825)</u>
Total principal	<u><u>\$ 4,690,000</u></u>

*Special Assessments.* As provided by Kansas statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as regulatory receipts in the appropriate project. Special assessments received after the issuance of bonds are recorded as regulatory receipts in the Bond and Interest Fund. The special assessment debt is a contingent liability of the City to the extent of property owner defaults which have historically been immaterial.

*Conduit Debt Obligations.* From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

Neither the City, the State of Kansas, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported in the accompanying financial statement. As of December 31, 2018, there were four series of Industrial Revenue Bonds outstanding, with an aggregate original principal amount payable of \$ 10,095,000 and an outstanding balance of \$ 5,082,449.

CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

4 - Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices. As of December 31, 2018, the City held no investments.

K.S.A. 12-1225(h) authorizes library boards to invest or reinvest gifts and donations and any dividends, interest, rent, or income derived from the gifts in the manner the board deems will best serve the interest of the library. The Morrill Public Library had the following unsecured investments from gifts and donations at December 31, 2018:

<u>Investment Type</u>	<u>Fair Value</u>
Citizens State Bank & Trust:	
Bond funds	\$ 172,127
Cash and cash equivalents	12,315
Stocks and mutual funds	17,140
Other investments	900
Edward Jones:	
Cash and cash equivalents	89,502
Stocks and mutual funds	444,294
Total	<u>\$ 736,278</u>

*Concentration of Credit Risk.* State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

4 - Deposits and Investments (Continued)

*Custodial Credit Risk - deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Kansas statutes require the deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City.

At December 31, 2018, the City's and Library's carrying amounts of deposits were \$ 11,507,682 and \$ 461,150, respectively, and the bank balances were \$ 11,592,052 and \$ 461,448, respectively. The City's and Library's bank balances were held by two banks resulting in a concentration of credit risk. Of the City's bank balance, \$ 251,000 was covered by federal depository insurance and \$ 9,154,985 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The remaining balance of \$ 2,186,067 was uncollateralized. Of the Library's bank balance, \$ 435,609 was covered by federal depository insurance and the remaining balance of \$ 25,839 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

*Custodial Credit Risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

5 - Defined Benefit Pension Plan

*Plan Description.* The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

5 - Defined Benefit Pension Plan (Continued)

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from the City were \$ 109,718 for the year ended December 31, 2018.

Net Pension Liability

At December 31, 2018, the City's proportionate share of the collective net pension liability reported by KPERS was \$ 879,886. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

6 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have not been significant reductions in coverage from prior years.

7 - Commitments and Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the basic financial statement as of December 31, 2018.

8 - Capital Leases of Equipment

The City has entered into lease agreements as lessee for financing the acquisition of equipment.

During the year ended December 31, 2018, the following changes occurred in capital leases:

	January 1, 2018	Additions	Retirements	December 31, 2018	Interest Paid
Capital lease obligations:					
Governmental funds	\$ 145,817	\$ -	\$ 54,530	\$ 91,287	\$ 4,316

CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

8 - Capital Leases of Equipment (Continued)

Annual debt service requirements to maturity for capital leases are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 32,266
2020	32,266
2021	<u>32,266</u>
Total principal and interest	96,798
Less: interest and fees	<u>5,511</u>
Total principal	<u><u>\$ 91,287</u></u>

9 - Related Party Transactions

The City paid \$ 580 during the year ended December 31, 2018 for vehicle repairs and maintenance to a company owned by the City fire chief.

The Library paid \$ 10,114 during the year ended December 31, 2018 for accounting services to a company owned by a member of the board.

CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

10 - Interfund Transfers

Transfers by fund for 2018 are as follows:

From	To	Regulatory Authority	Amount
General	Special events	KSA 12-1118	\$ 3,000
General	Debt service	KSA 12-1118	31,070
Industrial	Debt service	Debt Service	149,300
Post lantern street light	Debt service	Debt Service	136,880
Sewer	Employee benefit	KSA 12-825d	22,500
Sewer	Debt service	KSA 12-825d	338,926
Water	Debt service	KSA 12-825d	53,862
Water	Pool	KSA 12-825d	60,000

11 - Other Long-Term Obligations from Operations

*Other Post-Employment Benefits.* As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in the basic financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

*Death and Disability Other Post-Employment Benefits.* As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2018.

CITY OF HIAWATHA, KANSAS

NOTES TO FINANCIAL STATEMENT  
(Continued)

12 - Capital Project

During 2018, the City continued work towards the construction of a water treatment plant and distribution line improvements. During 2018, work occurring on the project included primarily construction costs. Total expenditures for 2018 related to this project were \$ 2,941,079. Ultimately, this project will be funded by a USDA Rural Development loan and interim financing is being provided through a KDHE State Revolving Fund, which includes 30% principal forgiveness.

13 - Statutory Compliance

The City expended monies in excess of the approved budget for the Library Fund and Post Lantern Street Light Project Fund in the amount of \$ 3,007 and \$ 9,328, respectively, as a result of spending monies that had been received in a prior year and in excess of budgeted revenues in the current year.

14 - Subsequent Event

On February 14, 2019, the City issued \$ 1,885,000 of Series 2019 general obligation bonds. Principal maturities ranging from \$ 32,935 to \$ 64,789 are due through February 14, 2059. The interest rate is 1.75%.



## SUPPLEMENTARY INFORMATION

CITY OF HIAWATHA, KANSAS

SUMMARY OF EXPENDITURES - BUDGET AND ACTUAL  
REGULATORY BASIS

Year Ended December 31, 2018

	<u>Certified Budget</u>
<u>FUNDS</u>	
Governmental type funds:	
General fund	\$ 2,068,617
Special purpose:	
Library	152,300
Industrial	166,800
Recreation	59,658
Employee benefit	661,825
Special highway	480,487
Parks and recreation	6,000
Special events	8,000
Special streets	325,000
Bond and interest fund	1,357,950
Capital projects fund:	
Post lantern street light project	136,880
Business funds:	
Water	869,392
Sewer	968,434
Storm water utility	80,000
Pool	115,459
Airport	33,770
	<hr/>
Totals	<u><u>\$ 7,490,572</u></u>

See independent auditor's report on the financial statement.

<u>Adjustment to Comply with Legal Max</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
\$ -	\$ 2,068,617	\$ 1,407,756	\$ (660,861)
-	152,300	155,307	3,007
-	166,800	161,300	(5,500)
-	59,658	46,977	(12,681)
-	661,825	395,281	(266,544)
-	480,487	340,330	(140,157)
-	6,000	5,365	(635)
-	8,000	7,852	(148)
-	325,000	235,215	(89,785)
-	1,357,950	800,153	(557,797)
-	136,880	146,208	9,328
-	869,392	669,194	(200,198)
-	968,434	929,483	(38,951)
-	80,000	30,584	(49,416)
-	115,459	89,156	(26,303)
-	33,770	22,795	(10,975)
<u>\$ -</u>	<u>\$ 7,490,572</u>	<u>\$ 5,442,956</u>	

## CITY OF HIAWATHA, KANSAS

## GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
REGULATORY BASIS

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts and transfers:			
Taxes	\$ 1,086,994	\$ 1,173,190	\$ 86,196
Licenses and permits	18,700	22,593	3,893
Charges for services	23,150	18,993	(4,157)
Fines and fees	265,000	275,171	10,171
Use of money and property	72,350	31,791	(40,559)
Reimbursed expenses	5,000	3,809	(1,191)
Miscellaneous	-	30,364	30,364
Transfers in	37,500	-	(37,500)
Total receipts and transfers	<u>\$ 1,508,694</u>	<u>1,555,911</u>	<u>\$ 47,217</u>
Expenditures and transfers:			
General government	\$ 952,379	452,468	\$ (499,911)
Public safety	706,345	604,479	(101,866)
Highways and streets	104,310	90,523	(13,787)
Culture and recreation	106,052	103,392	(2,660)
Capital outlay	41,060	28,440	(12,620)
Transfers out	54,070	34,070	(20,000)
Ambulance	34,578	34,578	-
Miscellaneous	69,823	59,806	(10,017)
Total expenditures and transfers	<u>\$ 2,068,617</u>	<u>1,407,756</u>	<u>\$ (660,861)</u>
Receipts and transfers over expenditures and transfers		148,155	
Unencumbered cash, beginning		<u>597,195</u>	
Unencumbered cash, ending		<u>\$ 745,350</u>	

(Continued)

## CITY OF HIAWATHA, KANSAS

## LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
 REGULATORY BASIS  
 (Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts:			
Taxes	\$ 150,872	\$ 149,645	\$ (1,227)
Miscellaneous	-	5,685	5,685
Total receipts	<u>\$ 150,872</u>	<u>155,330</u>	<u>\$ 4,458</u>
Expenditures:			
Appropriation - related municipal entity	<u>\$ 152,300</u>	<u>155,307</u>	<u>\$ 3,007</u>
Receipts over expenditures		23	
Unencumbered cash, beginning		<u>-</u>	
Unencumbered cash, ending		<u>\$ 23</u>	

(Continued)

## CITY OF HIAWATHA, KANSAS

## INDUSTRIAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
 REGULATORY BASIS  
 (Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts:			
Taxes	\$ 167,500	\$ 177,875	\$ 10,375
Use of money and property	-	1	1
Total receipts	<u>\$ 167,500</u>	<u>177,876</u>	<u>\$ 10,376</u>
Expenditures and transfers:			
Commodities	\$ 3,000	-	\$ (3,000)
Contractual services	14,500	12,000	(2,500)
Transfers out	149,300	149,300	-
Total expenditures and transfers	<u>\$ 166,800</u>	<u>161,300</u>	<u>\$ (5,500)</u>
Receipts over expenditures and transfers		16,576	
Unencumbered cash, beginning		<u>74,799</u>	
Unencumbered cash, ending		<u>\$ 91,375</u>	

(Continued)

## CITY OF HIAWATHA, KANSAS

## RECREATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
 REGULATORY BASIS  
 (Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts:			
Taxes	\$ 36,346	\$ 32,900	\$ (3,446)
Charges for services	13,100	36,108	23,008
Miscellaneous	-	18	18
Reimbursements	-	1,050	1,050
Total receipts	<u>\$ 49,446</u>	<u>70,076</u>	<u>\$ 20,630</u>
Expenditures:			
Personal services	\$ 17,324	10,296	\$ (7,028)
Contractual services	31,584	23,026	(8,558)
Commodities	10,750	11,655	905
Capital outlay	-	2,000	2,000
Total expenditures	<u>\$ 59,658</u>	<u>46,977</u>	<u>\$ (12,681)</u>
Receipts over expenditures		23,099	
Unencumbered cash, beginning		<u>27,233</u>	
Unencumbered cash, ending		<u>\$ 50,332</u>	

(Continued)

## CITY OF HIAWATHA, KANSAS

## EMPLOYEE BENEFIT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
 REGULATORY BASIS  
 (Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts and transfers:			
Taxes	\$ 406,903	\$ 405,993	\$ (910)
Miscellaneous	-	3,018	3,018
Reimbursed expenses	-	61	61
Transfers in	22,500	22,500	-
Total receipts and transfers	<u>\$ 429,403</u>	<u>431,572</u>	<u>\$ 2,169</u>
Expenditures:			
Social security	\$ 66,900	63,296	\$ (3,604)
Retirement	70,000	73,161	3,161
Unemployment	6,750	1,434	(5,316)
Worker's compensation insurance	35,000	28,613	(6,387)
Health insurance	233,678	228,777	(4,901)
Contractual	249,497	-	(249,497)
Total expenditures	<u>\$ 661,825</u>	<u>395,281</u>	<u>\$ (266,544)</u>
Receipts and transfers over expenditures		36,291	
Unencumbered cash, beginning		<u>214,409</u>	
Unencumbered cash, ending		<u>\$ 250,700</u>	

(Continued)



## CITY OF HIAWATHA, KANSAS

## SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
REGULATORY BASIS  
(Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts:			
Taxes	\$ 340,000	\$ 355,714	\$ 15,714
Intergovernmental	82,790	84,551	1,761
Reimbursed expenses	-	14,730	14,730
Total receipts	<u>\$ 422,790</u>	<u>454,995</u>	<u>\$ 32,205</u>
Expenditures:			
Personal services	\$ 106,946	107,679	\$ 733
Contractual services	47,960	34,286	(13,674)
Commodities	100,150	55,362	(44,788)
Capital outlay	225,431	143,003	(82,428)
Total expenditures	<u>\$ 480,487</u>	<u>340,330</u>	<u>\$ (140,157)</u>
Receipts over expenditures		114,665	
Unencumbered cash, beginning		<u>270,001</u>	
Unencumbered cash, ending		<u>\$ 384,666</u>	

(Continued)

## CITY OF HIAWATHA, KANSAS

## PARKS AND RECREATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
 REGULATORY BASIS  
 (Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts:			
Taxes	\$ 6,090	\$ 8,119	\$ 2,029
Expenditures:			
Capital outlay	\$ 6,000	5,365	\$ (635)
Receipts over expenditures		2,754	
Unencumbered cash, beginning		17,016	
Unencumbered cash, ending		\$ 19,770	

(Continued)

## CITY OF HIAWATHA, KANSAS

## LIABILITY FUND\*

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS  
(Continued)

Year Ended December 31, 2018

Unencumbered cash, beginning	\$ 500
Unencumbered cash, ending	\$ 500

\* This fund is not required to be budgeted.

(Continued)

## CITY OF HIAWATHA, KANSAS

## DRUG FORFEITURE FUND\*

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS  
(Continued)

Year Ended December 31, 2018

Receipts:	
Miscellaneous	<u>\$ 15,500</u>
Expenditures:	
General government	2,325
Capital outlay	<u>210</u>
Total expenditures	<u>2,535</u>
Receipts over expenditures	12,965
Unencumbered cash, beginning	<u>2,996</u>
Unencumbered cash, ending	<u><u>\$ 15,961</u></u>

\* This fund is not required to be budgeted.

(Continued)

## CITY OF HIAWATHA, KANSAS

## HISTORY CENTER FUND\*

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS  
(Continued)

Year Ended December 31, 2018

Receipts:	
Miscellaneous	\$ 25,653
Reimbursed expenses	<u>25</u>
Total receipts	25,678
Expenditures:	
General government	<u>28,914</u>
Receipts under expenditures	(3,236)
Unencumbered cash, beginning	<u>24,966</u>
Unencumbered cash, ending	<u><u>\$ 21,730</u></u>

\* This fund is not required to be budgeted.

(Continued)

## CITY OF HIAWATHA, KANSAS

## SPECIAL EVENTS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
 REGULATORY BASIS  
 (Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts and transfers:			
Donations	\$ 2,500	\$ 2,500	\$ -
Transfers in	3,000	3,000	-
Total receipts and transfers	<u>\$ 5,500</u>	<u>5,500</u>	<u>\$ -</u>
Expenditures:			
Events	<u>\$ 8,000</u>	<u>7,852</u>	<u>\$ (148)</u>
Receipts and transfers under expenditures		(2,352)	
Unencumbered cash, beginning		<u>9,424</u>	
Unencumbered cash, ending		<u>\$ 7,072</u>	

(Continued)

## CITY OF HIAWATHA, KANSAS

## SPECIAL STREETS

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
 REGULATORY BASIS  
 (Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts:			
Taxes	\$ 340,000	\$ 355,714	\$ 15,714
Reimbursed expenses	-	8,500	8,500
Total receipts	<u>\$ 340,000</u>	<u>364,214</u>	<u>\$ 24,214</u>
Expenditures:			
Capital outlay	\$ 325,000	86,453	\$ (238,547)
Contractual	-	148,762	148,762
Total expenditures	<u>\$ 325,000</u>	<u>235,215</u>	<u>\$ (89,785)</u>
Receipts over expenditures		128,999	
Unencumbered cash, beginning		<u>(46,187)</u>	
Unencumbered cash, ending		<u>\$ 82,812</u>	

(Continued)

CITY OF HIAWATHA, KANSAS  
HOTEL ECONOMIC DEVELOPMENT FUND\*  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS  
(Continued)

Year Ended December 31, 2018

Receipts:	
Taxes	<u>\$          46,055</u>
Expenditures:	
Contractual	1,250
Capital outlay	<u>90,016</u>
Total expenditures	<u>91,266</u>
Receipts under expenditures	(45,211)
Unencumbered cash, beginning	<u>72,659</u>
Unencumbered cash, ending	<u><u>\$          27,448</u></u>

\* This fund is not required to be budgeted.

(Continued)



CITY OF HIAWATHA, KANSAS

MVE INSPECTION FUND\*

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS  
(Continued)

Year Ended December 31, 2018

Receipts:	
MVE inspections	<u>\$          8,087</u>
Expenditures:	
VIN remittance	5,774
Capital improvements	<u>2,904</u>
Total expenditures	<u>8,678</u>
Receipts under expenditures	(591)
Unencumbered cash, beginning	<u>6,338</u>
Unencumbered cash, ending	<u><u>\$          5,747</u></u>

\* This fund is not required to be budgeted.

(Continued)

CITY OF HIAWATHA, KANSAS

SAFETY DIVIDENDS FUND\*

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS  
(Continued)

Year Ended December 31, 2018

Receipts:	
Reimbursements	\$ 25,388
Expenditures:	
Capital outlay	<u>1,603</u>
Receipts over expenditures	23,785
Unencumbered cash, beginning	<u>13,067</u>
Unencumbered cash, ending	<u><u>\$ 36,852</u></u>

\* This fund is not required to be budgeted.

(Continued)

## CITY OF HIAWATHA, KANSAS

## BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
 REGULATORY BASIS  
 (Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts and transfers:			
Taxes	\$ 88,608	\$ 88,066	\$ (542)
Reimbursed expenses	-	14	14
Transfers in	1,035,038	710,038	(325,000)
Total receipts and transfers	<u>\$ 1,123,646</u>	<u>798,118</u>	<u>\$ (325,528)</u>
Expenditures:			
Principal	\$ 714,425	535,674	\$ (178,751)
Interest and other charges	410,729	264,479	(146,250)
Reserves	232,796	-	(232,796)
Total expenditures	<u>\$ 1,357,950</u>	<u>800,153</u>	<u>\$ (557,797)</u>
Receipts and transfers under expenditures		(2,035)	
Unencumbered cash, beginning		<u>275,905</u>	
Unencumbered cash, ending		<u>\$ 273,870</u>	

(Continued)

## CITY OF HIAWATHA, KANSAS

## POST LANTERN STREET LIGHT PROJECT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
 REGULATORY BASIS  
 (Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts:			
Taxes	\$ 167,500	\$ 177,857	\$ 10,357
Use of money and property	150	1,325	1,175
Total receipts	<u>\$ 167,650</u>	<u>179,182</u>	<u>\$ 11,532</u>
Expenditures and transfers:			
Contractual services	\$ -	25	\$ 25
Capital outlay	-	9,303	9,303
Transfers out	136,880	136,880	-
Total expenditures and transfers	<u>\$ 136,880</u>	<u>146,208</u>	<u>\$ 9,328</u>
Receipts over expenditures and transfers		32,974	
Unencumbered cash, beginning		<u>184,299</u>	
Unencumbered cash, ending		<u>\$ 217,273</u>	

(Continued)

CITY OF HIAWATHA, KANSAS

OTHER CAPITAL PROJECTS FUNDS\*

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
REGULATORY BASIS  
(Continued)

Year Ended December 31, 2018

	Capital Reserve Fund	Fisher Building	Skate Park
Receipts:			
Grant proceeds	\$ -	\$ -	\$ -
Donations	-	-	-
Bond/Note proceeds	-	-	-
Reimbursements	-	-	8
Use of money and property	-	-	-
	<hr/>	<hr/>	<hr/>
Total receipts	-	-	8
	<hr/>	<hr/>	<hr/>
Expenditures:			
Contractual services	-	-	171
Capital outlay	37,822	-	-
Debt service	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	37,822	-	171
	<hr/>	<hr/>	<hr/>
Receipts over (under) expenditures	(37,822)	-	(163)
Unencumbered cash, beginning	86,800	202	2,474
	<hr/>	<hr/>	<hr/>
Unencumbered cash, ending	<u>\$ 48,978</u>	<u>\$ 202</u>	<u>\$ 2,311</u>

\* These funds are not required to be budgeted.

(Continued)

School & Fitness Trail	Bruning Upgrades	Grant/ Donation	Sales Tax Streets	Brick Streets KDOT Grant	Water Improvement	Actual
\$ -	\$ -	\$ 14,226	\$ -	\$ -	\$ -	\$ 14,226
-	-	18,671	-	-	-	18,671
-	-	-	6,000,000	-	3,246,913	9,246,913
-	-	-	-	-	-	8
-	-	-	616	-	-	616
-	-	32,897	6,000,616	-	3,246,913	9,280,434
-	-	-	-	-	-	171
-	6,464	7,931	-	-	2,908,156	2,960,373
-	-	-	-	-	32,923	32,923
-	6,464	7,931	-	-	2,941,079	2,993,467
-	(6,464)	24,966	6,000,616	-	305,834	6,286,967
18,020	7,382	3,921	-	(204)	(219,497)	(100,902)
<u>\$ 18,020</u>	<u>\$ 918</u>	<u>\$ 28,887</u>	<u>\$ 6,000,616</u>	<u>\$ (204)</u>	<u>\$ 86,337</u>	<u>\$ 6,186,065</u>

## CITY OF HIAWATHA, KANSAS

## WATER FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
 REGULATORY BASIS  
 (Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts:			
Charges for services	\$ 897,860	\$ 917,662	\$ 19,802
Miscellaneous	-	255	255
Reimbursed expenses	-	693	693
Total receipts	<u>\$ 897,860</u>	<u>918,610</u>	<u>\$ 20,750</u>
Expenditures and transfers:			
Personal services	\$ 351,420	347,575	\$ (3,845)
Contractual services	215,960	141,505	(74,455)
Commodities	98,150	61,967	(36,183)
Capital outlay	90,000	4,285	(85,715)
Transfers out	113,862	113,862	-
Total expenditures and transfers	<u>\$ 869,392</u>	<u>669,194</u>	<u>\$ (200,198)</u>
Receipts over expenditures and transfers		249,416	
Unencumbered cash, beginning		<u>1,765,537</u>	
Unencumbered cash, ending		<u>\$ 2,014,953</u>	

(Continued)

## CITY OF HIAWATHA, KANSAS

## SEWER FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
 REGULATORY BASIS  
 (Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts:			
Charges for services	\$ 856,000	\$ 861,925	\$ 5,925
Reimbursed expenses	-	476	476
Use of money and property	-	4,321	4,321
Miscellaneous	-	1,500	1,500
Total receipts	<u>\$ 856,000</u>	<u>868,222</u>	<u>\$ 12,222</u>
Expenditures and transfers:			
Personal services	\$ 208,158	225,018	\$ 16,860
Contractual services	195,900	213,196	17,296
Commodities	27,950	23,938	(4,012)
Capital outlay	137,500	105,905	(31,595)
Transfers out	398,926	361,426	(37,500)
Total expenditures and transfers	<u>\$ 968,434</u>	<u>929,483</u>	<u>\$ (38,951)</u>
Receipts under expenditures and transfers		(61,261)	
Unencumbered cash, beginning		<u>620,452</u>	
Unencumbered cash, ending		<u>\$ 559,191</u>	

(Continued)



## CITY OF HIAWATHA, KANSAS

## STORM WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
 REGULATORY BASIS  
 (Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts:			
Charges for services	\$ 80,000	\$ 80,144	\$ 144
Expenditures:			
Contractual services	\$ 350	485	\$ 135
Commodities	7,500	6,427	(1,073)
Capital outlay	72,150	23,672	(48,478)
Total expenditures	\$ 80,000	30,584	\$ (49,416)
Receipts over expenditures		49,560	
Unencumbered cash, beginning		46,985	
Unencumbered cash, ending		\$ 96,545	

(Continued)

## CITY OF HIAWATHA, KANSAS

## POOL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
REGULATORY BASIS  
(Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts and transfers:			
Charges for services	\$ 49,950	\$ 41,694	\$ (8,256)
Reimbursed expenses	500	829	329
Use of money and property	400	2,169	1,769
Miscellaneous	-	137	137
Transfers in	60,000	60,000	-
Total receipts and transfers	<u>\$ 110,850</u>	<u>104,829</u>	<u>\$ (6,021)</u>
Expenditures:			
Personal services	\$ 65,579	62,613	\$ (2,966)
Contractual services	30,250	20,142	(10,108)
Commodities	16,630	5,562	(11,068)
Capital outlay	3,000	839	(2,161)
Total expenditures	<u>\$ 115,459</u>	<u>89,156</u>	<u>\$ (26,303)</u>
Receipts and transfers over expenditures		15,673	
Unencumbered cash, beginning		<u>171,616</u>	
Unencumbered cash, ending		<u>\$ 187,289</u>	

(Continued)

## CITY OF HIAWATHA, KANSAS

## AIRPORT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL  
REGULATORY BASIS  
(Continued)

Year Ended December 31, 2018

	Budget	Actual	Variance - Over (Under)
Receipts:			
Charges for services	\$ 6,900	\$ 7,250	\$ 350
Reimbursed expenses	-	12,350	12,350
	<u>\$ 6,900</u>	<u>19,600</u>	<u>\$ 12,700</u>
Expenditures:			
Contractual services	\$ 4,500	17,071	\$ 12,571
Commodities	-	1,454	1,454
Capital outlay	29,270	4,270	(25,000)
	<u>\$ 33,770</u>	<u>22,795</u>	<u>\$ (10,975)</u>
Receipts under expenditures		(3,195)	
Unencumbered cash, beginning		<u>34,088</u>	
Unencumbered cash, ending		<u>\$ 30,893</u>	

CITY OF HIAWATHA, KANSAS

TRUST FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES, AND  
UNENCUMBERED CASH  
REGULATORY BASIS

Year Ended December 31, 2018

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
Permanent funds:		
C.H. Janes Poor Memorial	\$ 4,757	\$ -
G.A.R. Memorial	1,949	-
Morrissee Memorial	2,839	-
Daisy Hassenpflug Memorial	1,305	-
Private purpose trust funds:		
Lake	1,726	-
Child safety	1,758	-
Kiwanis	56	-
Bruning Memorial	541	-
Widman Memorial	1,649	-
Envisioning	99	-
Hockey rink	1,130	-
Total trust funds	\$ 17,809	\$ -

Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
\$ -	\$ 8	\$ 4,749	\$ -	\$ 4,749
-	3	1,946	-	1,946
-	5	2,834	-	2,834
-	2	1,303	-	1,303
803	1,296	1,233	-	1,233
-	-	1,758	-	1,758
-	-	56	-	56
-	-	541	-	541
16	-	1,665	-	1,665
-	-	99	-	99
-	-	1,130	-	1,130
<u>\$ 819</u>	<u>\$ 1,314</u>	<u>\$ 17,314</u>	<u>\$ -</u>	<u>\$ 17,314</u>

## CITY OF HIAWATHA, KANSAS

## AGENCY FUNDS

## SUMMARY OF RECEIPTS AND DISBURSEMENTS

Year Ended December 31, 2018

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Sales tax	\$ 1,914	\$ 19,083	\$ 19,728	\$ 1,269
Municipal court bond	-	14,571	9,856	4,715
Insurance proceeds	-	18,910	-	18,910
Total agency funds	<u>\$ 1,914</u>	<u>\$ 52,564</u>	<u>\$ 29,584</u>	<u>\$ 24,894</u>

## CITY OF HIAWATHA, KANSAS

## MORRILL PUBLIC LIBRARY - RELATED MUNICIPAL ENTITY

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS

Year Ended December 31, 2018

## Receipts:

Grants and state appropriations	\$ 27,055
City appropriation	155,307
Fines and fees	5,936
Gifts and donations	49,279
Interest and interest earnings	20,579
Farm income	43,592
Miscellaneous	50
Gain (loss) of value on investments	(48,745)
	<hr/>
Total receipts	253,053
	<hr/>

## Expenditures:

Salary and payroll taxes	189,414
Books, periodical, videos, and film	34,187
Supplies	6,803
Repairs and maintenance	16,031
Utilities	19,135
Insurance	6,797
Continuing education	1,162
Professional fees	12,364
Capital improvements	22,964
Miscellaneous and postage	14,399
	<hr/>
Total expenditures	323,256
	<hr/>

Receipts under expenditures (70,203)

Unencumbered cash, beginning 

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1,264,363Unencumbered cash, ending 

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\$ 1,194,160